



Semi-Annual Period Ended March 2005 Summary of Unconsolidated Financial Statements

May 19, 2005

Name of Listed Company: **France Bed Holdings Co., Ltd.**

Listing Exchanges: Tokyo, Osaka
Head Office Location: Tokyo

Code No. 7840

(URL <http://www.francebed-hd.co.jp>)

Representative and Title: President and Chief Executive Officer

Shigeru Ikeda

Contact Person and Title: Director (Accounting Group)

Kotaro Hoshikawa

Tel:+81-3-5338-1081

Date of Board of Directors Meeting for Financial Closing: May 19, 2005

Interim Dividend System: Yes

Date of Payment of Dividends June 24, 2005

Date of Regular General Meeting of the Shareholders: June 23, 2005

Adoption of Investment Unit System: Yes (1 unit =1,000 shares)

1. Performance for the Period Ended March 2005 (Commenced October 1, 2004 and ended March 31, 2005)

The current business year (ended March 2005) commenced October 1, 2004 and ended March 31, 2005 whereas the prior business year represented the 1st fiscal year of establishing the company commenced March 30, 2004 and ended September 30, 2004. Consequently, there is no comparative presentation of performance results.

(Note) The values presented have been rounded down to the nearest unit.

(1) Management Results

	Sales		Operating Income		Ordinary Income	
	¥ million	%	¥ million	%	¥ million	%
Term ended March 2005	1,338		889		891	
Term ended September 2004	1,796		1,405		1,405	

	Net Income		Earnings per Share	Fully Diluted Earnings per Share	Return on Equity	Ordinary Income Return on Assets	Ordinary Income Return on Sales
	¥ million	%	¥	¥	%	%	%
Term ended March 2005	867		3.50	—	2.0	1.7	66.5
Term ended September 2004	1,395		5.67	—	3.1	3.1	78.2

(Note) 1. Number of shares outstanding during the term:

Term ended March 2005: 237,807,185 shares

Term ended September 2004: 239,483,617 shares

2. Change in Accounting Treatment: None

(2) Dividends

	Dividends per Share			Gross Dividend Payments	Dividend Payout Ratio	Dividend Rate
	¥	¥	¥			
Term ended March 2005	2.50	—	2.50	¥ million 573	% 71.4	% 1.3
Term ended September 2004	2.50	—	2.50	¥ million 598	% 44.0	% 1.3

(Note) 1. As the term ended March 2005 commenced October 1, 2004 and ended March 31, 2005, there was no payment of interim dividends.

2. As the term ended September 2004 commenced March 30, 2004 and ended September 30, 2004, there was no payment of interim dividends.

(3) Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	¥ million	¥ million	%	¥
Term ended March 2005	58,088	41,325	71.1	179.94
Term ended September 2004	44,158	44,035	99.7	183.73

(Note)

1. Number of shares outstanding as of term end:

Term ended March 2005 – 229,469,949 shares, term ended September 2004 – 239,481,594 shares

2. Number of treasury stock as of term end:

Term ended March 2005 – 10,017,551 shares, Term ended September 2004 – 5,906 shares

2. Projected Business Performance for the Term ending March 2006 (Commencing April 1, 2005 and ending March 31, 2006)

	Sales	Ordinary Income	Net Income	Dividends per Share		
				Interim	Final	
	¥ million	¥ million	¥ million	¥	¥	¥
Semi-Annual	1,230	730	700	2.50	—	—
Full Year	2,500	1,600	1,550	—	2.50	5.00

(Reference Note) Projected Earnings per Share (Full Year) 6.75yen

*The projected performance noted above have been prepared based on available information as of the publication date of this document and the actual results may vary from the projections due to various future factors and causes.

Financial Statements Balance Sheet

(Unit: ¥ million)

Account	Previous Business Year (As of September 30, 2004)	Business Year under Review (As of March 31, 2005)
(Assets)		
I. Current Assets		
Cash and Deposits	927	10,099
Prepaid Expenses	8	39
Deferred Taxes	15	20
Short Term Loans to Affiliates	—	4,808
Other	255	153
Total Current Assets	1,205	15,120
II. Fixed Assets		
Tangible Fixed Assets		
Vehicles and Transport Equipment	—	7
Total Tangible Fixed Assets	—	7
Intangible Fixed Assets		
Software	—	2
Total Intangible Fixed Assets	—	2
Investments and Other Assets		
Shares of Affiliates	42,943	42,943
Long Term Prepaid Expenses	—	0
Deferred Taxes	8	14
Total Investments and Other Assets	42,952	42,958
Total Fixed Assets	42,952	42,968
Total Assets	44,158	58,088

(Unit: ¥ million)

Account	Previous Business Year (As of September 30, 2004)	Business Year under Review (As of March 31, 2005)
(Liabilities)		
I. Current Liabilities		
Short Term Borrowings	—	4,310
Accrued Liabilities	2	51
Accrued Expenses	48	60
Accrued Corporate Taxes	12	24
Accrued Consumption Tax	12	8
Deposits from Affiliates	—	12,240
Reserve for Bonuses	24	28
Other	5	5
Total Current Liabilities	105	16,729
II. Fixed Liabilities		
Reserve for Directors' Retirement Bonuses	17	34
Total Fixed Liabilities	17	34
Total Liabilities	122	16,763
(Shareholders' Equity)		
I. Common Stock	3,000	3,000
II. Capital Surplus		
Capital Reserve	39,642	750
Other Capital Surplus		
Gains from Reduction of Capital Reserve	—	38,892
Total Capital Surplus	39,642	39,642
III. Retained Earnings		
Unappropriated Income for the Term	1,395	1,628
Total Retained Earnings	1,395	1,628
IV. Treasury Stocks	(-2)	(-2,946)
Total Shareholders' Equity	44,035	41,325
Total Liabilities and Shareholders' Equity	44,158	58,088

(Note)

1. Values presented have been rounded down to the nearest ¥ million unit (The same shall apply hereinafter).
2. As the business year under review commenced October 1, 2004 and ended March 31, 2005 and the previous business year commenced March 30, 2004 and ended September 30, 2004, no comparison with the same period previous year are not presented (The same shall apply hereinafter).

Statement of Income

(Unit: ¥ million)

Account	Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
I. Operating Revenues		
Dividend Income	1,378	878
Management Fees	352	385
Business Agency Fees	64	75
Total Operating Revenues	1,796	1,338
Gross Profit	1,796	1,338
II. General Administrative Expenses	390	449
Operating Income	1,405	889
III. Non-Operating Income		
Interest Income	0	19
Commission Income	—	10
Other	0	0
Total Non-Operating Income	0	30
IV. Non-Operating Expenses		
Interest Expense	—	14
Commission Expenses	—	10
Fees Paid for Acquisition of Treasury Shares	—	3
Other	0	0
Total Non-Operating Expenses	0	28
Ordinary Income	1,405	891
V. Extraordinary Income		
Gains from Amending Previous Year Income and Losses	—	4
Total Extraordinary Income	—	4
VI. Extraordinary Losses		
Losses from Amending Previous Year Income and Losses	—	0
Total Extraordinary Losses	—	0
Net Income before Taxes	1,405	895
Corporate Income Tax, Inhabitants Tax and Enterprise Tax	33	39
Deferred Tax	(-)23	(-)10
Net Income	1,395	867
Income Carried forward from Previous Term	—	761
Unappropriated Income at the End of Term	1,395	1,628

Proposed Appropriation of Income

(Unit: ¥ million)

Account	Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
I . Unappropriated Income at End of Term	1,395	1,628
II. Income Appropriations		
Dividends	598	573
Bonuses for Directors	35	33
Total Appropriated Income	634	606
III. Income Carried forward to Next Term	761	1,021

(Note) With respect to dividends per share, there are no corresponding items other than ordinary dividends.

Significant Accounting Policies

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
<p>1. Valuation Basis and Method for Securities</p> <p> Shares of Subsidiaries</p> <p> Stated at cost using the moving average method</p> <p>2.</p> <p>3. Accounting for Reserves</p> <p> (1) Reserve for Bonuses</p> <p> To provide for bonuses to be paid to employees, the amount expected to be paid has been provided.</p> <p> (2) Reserve for Directors' Retirement Bonuses</p> <p> To provide for the payment of retirement bonuses to directors, the amount expected to be paid on the balance sheet date based on internal regulations has been provided.</p> <p>4. Accounting for Leases</p> <p> Finance leases other than those in which the title is not deemed to transfer to the lessee are accounted for as ordinary rental transactions.</p>	<p>1. Valuation Basis and Method for Securities</p> <p> Shares of Subsidiaries</p> <p> Same as left</p> <p>2. Depreciation Method for Fixed Assets</p> <p> (1) Tangible Fixed Assets</p> <p> Declining balance method is applied.</p> <p> Useful life is as follows:</p> <p> Vehicles and Transport Equipment – 6 years</p> <p> (2) Intangible Fixed Assets</p> <p> Straight-line method is applied.</p> <p> With respect to software for internal use, it is being depreciated using a straight line method over its internally useful life (5 years).</p> <p> (3) Long Term Prepaid Expenses</p> <p> It is being amortized in equal installments.</p> <p>3. Accounting for Reserves</p> <p> (1) Reserve for Bonuses</p> <p> Same as left</p> <p> (2) Reserve for Directors' Retirement Bonuses</p> <p> Same as left</p> <p>4. Accounting for Leases</p> <p> Same as left</p>

<p>5. Other Material Items in Preparing the Financial Statements</p> <p>(1) Accounting for the Consumption Tax The Consumption Tax and Municipal Tax are accounted for net of taxation.</p> <p>(2)</p>	<p>5. Other Material Items in Preparing the Financial Statements</p> <p>(1) Accounting for Consumption Tax Same as left</p> <p>(2) Financial Closing Date The Company, in its Articles of Incorporation, prescribed the 1st business year to be from March 30, 2004 to September 30, 2004 and the 2nd business year to be from October 1, 2004 to March 31, 2005. Therefore, the financial closing date for the business year will be March 31 and the accounting period for the business year under review will be a 6-month period from October 1, 2004 to March 31, 2005.</p>
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(Additional Information)

<p>Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)</p>	<p>Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)</p>
<p>.....</p>	<p>(Tax Assessment based on Business Size)</p> <p>The "Law Partially Amending the Municipal Tax Law and the Like" (2003 Law No. 9) was promulgated on March 31, 2003. In association with the introduction of the Tax Assessment based on Business Size the Size in April 1, 2004. Commencing the business year under review, the Company has recorded the value added portion and shareholders' equity portion of the corporate enterprise tax in the General Administrative Expenses in accordance with "Practical Treatment Regarding Presentation of Tax Assessment based on Business Size in corporate enterprise tax on the Statement of Income" (February 13, 2004, Accounting Standard Board of Japan Practical Measures Report No. 12).</p> <p>As a result, the General Administrative Expenses were increased ¥12 million whereas the Operating Income, Ordinary Income and Net Income before Taxes declined by the like amount.</p>

Notes

(Related to the Balance Sheet)

Previous Business Year (As of September 30, 2004)	Business Year under Review (As of March 31, 2005)
1.	1. Accumulated Depreciation of Tangible Fixed Assets ¥ 0 million
2.	2. The Company has implemented France Bed Holdings Group Cash Management Service (CMS) to enable efficient funds investment and financing for the overall group. "Deposits from Affiliates" represents funds deposited under such cash management programs.
3. Total number of authorized shares and number of shares outstanding Authorized Shares: Common Stock 900,000,000 shares In accordance with the provisions of the Articles of Incorporation, when extinguishment of stock is exercised, the number of shares corresponding to such extinguishment shall be reduced. Number of shares outstanding: Common Stock 239,487,000 shares	3. Total number of authorized shares and number of shares outstanding Authorized Shares: Common Stock 900,000,000 shares In accordance with the provisions of the Articles of Incorporation, when extinguishment of stock is exercised, the number of shares corresponding to such extinguishment shall be reduced. Number of shares outstanding: Common Stock 239,487,000 shares
4. Treasury Stocks Held: Common Stock 5,000 shares	4. Treasury Stocks Held: Common Stock 10,017,000 shares
5.	5. Commencing the business year under review, the Company has implemented France Bed Holdings Group Cash Management Service to enable efficient funds investment and financing for the overall group (hereinafter the "CMS"). The Company has entered into a Basic Agreement for CMS Investment Agency with the 6 group companies and has established the maximum loan limits under the CMS. The undisbursed loans for the business year under review under the agreement are as follows. Gross Loan Limit under CMS ¥17,050 million <u>Loans Disbursed</u> ¥ 4,808 million Net Undisbursed Amount ¥12,242 million In the above Basic Agreement for CMS Investment Agency, there are some with restrictions on the use of funds, thus, not all amount is necessarily available to be lent.
6.	6. The Company, to enhance the funding efficiency through dynamic and stable financing and to strengthen the financial position through reduction of interest-bearing debt, has entered into a commitment line agreement with syndicate of banks comprising of 11 relationship banks. As of the end of the business year under review, the undrawn commitments under the facility are as follows. Gross Commitment Amount ¥ 5,000 million <u>Amount Drawn</u> ¥ 0 million Net Amount ¥ 5,000 million

(Relating to the Statement of Income)

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
<p>1. Related Party Transactions</p> <p>Dividend Income ¥1,378 million</p> <p>Management Guidance Fees 352 million</p> <p>Business Agency Fees 64 million</p> <p>General Administrative Expenses 179 million</p> <p>2. Principal Items in the General Administrative Expenses</p> <p>Employee Salary and Bonuses ¥82 million</p> <p>Directors' Remuneration 78 million</p> <p>Provision to Reserve for Bonuses 24 million</p> <p>Provisions to Reserve for Directors'</p> <p>Retirement Bonuses 17 million</p> <p>Rent 34 million</p> <p>Business Contracting Fees 20 million</p> <p>Agency Commissions 30 million</p> <p>3.</p>	<p>1. Related Party Transactions</p> <p>Dividend Income ¥ 878 million</p> <p>Management Guidance Fees 385 million</p> <p>Business Agency Fees 74 million</p> <p>General Administration Expenses 237 million</p> <p>Non-Operating Income 30 million</p> <p>2. Principal Items in the General Administrative Expenses</p> <p>Employee Salary and Bonuses ¥106 million</p> <p>Directors Remuneration 78 million</p> <p>Provisions to Reserve for Bonuses 28 million</p> <p>Provisions to Directors' Retirement Bonuses 17 million</p> <p>Welfare and Benefits 23 million</p> <p>Shareholder Benefit Expense 29 million</p> <p>Depreciation 1 million</p> <p>Rent 38 million</p> <p>3. Details of Amending Previous Term Income and Loss</p> <p>Past Years Excess Provisions to Reserve for Bonuses</p> <p style="text-align: right;">¥ 4 million</p> <p><u>Other</u> 0 million</p> <p>Total 4 million</p>

(Relating to Leases)

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
There are no material leases subject to disclosure.	There are no material leases subject to disclosure.

(Relating to Securities)

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
There are no shares of subsidiaries with readily determinable market values.	There are no shares of subsidiaries with readily determinable market values.

(Relating to Tax Effect Accounting)

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)																																										
<p>1. Major components of deferred tax assets and deferred liabilities are as follows.</p> <p>(Deferred Tax Assets)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for Bonuses</td> <td style="text-align: right;">¥10 million</td> </tr> <tr> <td>Reserve for Directors' Retirement Bonuses</td> <td style="text-align: right;">8 million</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">4 million</td> </tr> <tr> <td><u>Net Deferred Tax Assets</u></td> <td style="text-align: right;"><u>23 million</u></td> </tr> </table> <p>2. Breakdown of the principal causes for the difference in effective tax rate and the corporate tax rate after application of tax effect accounting.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective Tax Rate</td> <td style="text-align: right;">42.0%</td> </tr> <tr> <td>(Adjustments)</td> <td></td> </tr> <tr> <td>Income not included such as Dividend Income</td> <td style="text-align: right;">(-)41.3%</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">0.0 %</td> </tr> <tr> <td colspan="2"><u>Corporate Tax Rate after Application of Tax Effect Accounting</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>0.7%</u></td> </tr> </table>	Reserve for Bonuses	¥10 million	Reserve for Directors' Retirement Bonuses	8 million	Other	4 million	<u>Net Deferred Tax Assets</u>	<u>23 million</u>	Effective Tax Rate	42.0%	(Adjustments)		Income not included such as Dividend Income	(-)41.3%	Other	0.0 %	<u>Corporate Tax Rate after Application of Tax Effect Accounting</u>			<u>0.7%</u>	<p>1. Major components of deferred tax assets and deferred liabilities are as follows.</p> <p>(Deferred Tax Assets)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for Bonuses</td> <td style="text-align: right;">¥11 million</td> </tr> <tr> <td>Reserve for Directors' Retirement Bonuses</td> <td style="text-align: right;">13 million</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">9 million</td> </tr> <tr> <td><u>Net Deferred Tax Assets</u></td> <td style="text-align: right;"><u>34 million</u></td> </tr> </table> <p>2. Breakdown of the principal causes for the difference in effective tax rate and the corporate tax rate after application of tax effect accounting</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective Tax Rate</td> <td style="text-align: right;">40.6%</td> </tr> <tr> <td>(Adjustments)</td> <td></td> </tr> <tr> <td>Income not included such as Dividend Income</td> <td style="text-align: right;">(-) 39.3%</td> </tr> <tr> <td>Amounts excluded from deductible expenses such as Entertainment Expenses</td> <td style="text-align: right;">1.5%</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">0.3%</td> </tr> <tr> <td colspan="2"><u>Corporate Tax Rate after Application of Tax Effect Accounting</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3.1%</u></td> </tr> </table>	Reserve for Bonuses	¥11 million	Reserve for Directors' Retirement Bonuses	13 million	Other	9 million	<u>Net Deferred Tax Assets</u>	<u>34 million</u>	Effective Tax Rate	40.6%	(Adjustments)		Income not included such as Dividend Income	(-) 39.3%	Amounts excluded from deductible expenses such as Entertainment Expenses	1.5%	Other	0.3%	<u>Corporate Tax Rate after Application of Tax Effect Accounting</u>			<u>3.1%</u>
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(Per Share Information)

Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
Net Assets per Share	¥183.73
Earnings per Share	5.67
As there are no latent shares in existence, information on fully diluted earnings per share has not been presented.	As there are no latent shares in existence, information on fully diluted earnings per share has not been presented.

(Note) Basis for the calculation of Earnings per Share is as follows.

	Previous Business Year (Commenced March 30, 2004 and ended September 30, 2004)	Business Year under Review (Commenced October 1, 2004 and ended March 31, 2005)
Net Income (¥ million)	1,395	867
Amount not attributable to Common Shares (¥ million)	35	33
(Of which Directors' Bonuses (¥ million))	(35)	(33)
Net Income Attributable to Common Shares (¥ million)	1,360	833
Average Number of Shares Outstanding during the Term (thousand shares)	239,483	237,807

(Material Subsequent Events)

No corresponding items.

Changes in Directors

It has been separately disclosed and not presented herein.